
**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
INVESTMENT COMMITTEE
OPEN SESSION MEETING SUMMARY**

December 12, 2005

The Investment Committee met on Monday, December 12, 2005.

\$200 BILLION MILESTONE

The Chief Investment Officer announced that a major milestone had been reached recently when the total fund market value surpassed \$200 billion. The Chair provided a historical perspective on the growth of the fund and congratulations were shared.

AGENDA ITEM 5 – INVESTMENT OFFICE OPERATIONS ANNUAL PLAN

The Committee approved the 2005-2006 Investment Office Administrative and Operational Services Annual Plan and the Supplemental Savings Programs Annual Plan.

AGENDA ITEM 6 – ASSET ALLOCATION / RISK MANAGEMENT ANNUAL PLAN

The Committee approved the 2005-2006 Asset Allocation / Risk Management Annual Plan.

AGENDA ITEM 8 – ALTERNATIVE INVESTMENT MANAGEMENT PROGRAM

a. AIM Strategic Review – Preliminary Action Plan

The Committee approved implementation of the Action Plan for the AIM Strategic Review. Quarterly status reports will be provided to the Committee.

AGENDA ITEM 9 – GLOBAL EQUITY

a. Domestic Equity Growth Manager RFP

The Committee approved the issuance of a Request for Proposal with a "Spring-Fed Pool" feature for domestic equity growth managers.

b. Update on Investments in Companies Doing Business in Sudan

The Committee approved:

1. That CalPERS again approach ABB, Alcatel and Siemens and demand that they cease operations in Sudan.
2. That staff contact Royal Dutch Shell and ask directly if any of the fuel sold at the 42 service stations located in Sudan is going to the military or the government.
3. That CalPERS continue to monitor Total regarding ongoing activities in Sudan.
4. That staff and the CalPERS Federal Liaison continue to pursue and engage federal agencies, including the SEC and the Treasury Department, who have not yet responded to our requests for information on this matter.
5. That a report be submitted to the Investment Committee on these responses at the February meeting.

AGENDA ITEM 10 – GLOBAL FIXED INCOME

a. Currency Overlay External Manager Annual Review

The Committee renewed the annual contracts of CalPERS' currency overlay external managers, Pareto Partners and State Street Global Advisors, for a period of one year.

AGENDA ITEM 11 – FOLLOW UP TO BOARD WORKSHOP ON EXPANDING INVESTMENT OPPORTUNITIES THROUGH DIVERSITY

The Committee approved staff recommendation to supplement and expand upon CalPERS Investment Office existing diversity-related efforts by taking the following steps to develop and implement an investment approach consistent with fiduciary principles that seeks to take advantage of the ideas and skills of all of the participants in the investment industry:

1. Issue a Request for Proposal to establish a spring-fed pool of consultant experts on diversity in the investment industry.
2. Complete the emerging financial service provider reference guide.
3. Host a conference on Expanding Investment Opportunities through Emerging Markets and Managers.

AGENDA ITEM 12 – CHIEF INVESTMENT OFFICER'S / ASSISTANT EXECUTIVE OFFICER'S REPORT

a. Consolidated Investment Activity Report

The Committee accepted the Consolidated Investment Activity Report. The total market value of the fund as of October 31, 2005, was approximately \$193.8 billion and the total book value was approximately \$153.0 billion. However, as of December 9, 2005, the net assets were \$200.1 billion.

The next Investment Committee meeting is scheduled for February 14, 2006 in Sacramento, California.